DOCUMENT RESUME

ED 369 358 HE 027 397

TITLE	State University of New York. Central Administration Costs. Report 92-S-104.
INSTITUTION	New York State Office of the Comptroller, Albany. Div. of Management Audit.
PUB DATE	16 Dec 93
NOTE	17p.; For related documents, see HE 027 398-400.
PUB TYPE	Reports - Evaluative/Feasibility (142)
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	College Administration; Comparative Analysis; Cost Effectiveness; Costs; *Educational Finance; Efficiency; Expenditure per Student; *Financial Audits; Higher Education; Peer Institutions; Services; State Colleges; State Universities
IDENTIFIERS	State College and University Systems; *State University of New York

ABSTRACT

An evaluation was done of State University of New York (SUNY) Central Administration costs by comparing them to peer systems and by evaluating how economically its duties were carried out. Central Administration provides oversight and executive leadership to the system and manages budgeting, accounting, capital facilities, student affairs and legal and institutional research with 540 employees and annual personnel service costs of about $20 million. The evaluation included staff interviews, a review of records, and surveys of other systems in accordance with accepted government auditing standards. The audit found that SUNY costs were comparable to or less than peer systems. The audit calculated that Central Administration spends $27 per student including community college students. Some peer systems use a "shared office" concept in which the central administration office provides oversight for specific university-wide activities and performs related functions in support of the central office. SUNY should consider adopting this approach for increased economy. Review of security and custodial services found that Central Administration has more security personnel than some of the 34 campuses and has custodial services consistent with accepted standards. Also included are comments of SUNY officials. (JB)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED 369 358

HE027 397

BEST COPY AVAILABLE

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☑ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

2

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

Office of the State Comptroller, State of New York

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

HE

State of New York
Office of the State Comptroller

Division of Management Audit

Report 92-S-104

The Honorable D. Bruce Johnstone
Chancellor
State University of New York
State University Plaza
Albany, New York 12246

Dear Chancellor Johnstone:

The following is our report on the cost of Central Administration at the State University of New York.

This audit was performed pursuant to the State Comptroller's authority as set forth in Section 1, Article V of the State Constitution and Section 8, Article 2 of the State Finance Law.

This report was prepared under the direction of John T. Walsh, Audit Director. Other major contributors are listed in Appendix A.

Office of the State Comptroller
Division of Management Audit

December 16, 1993

Executive Summary

State University of New York Central Administration Costs

Scope of Audit

The State University of New York (SUNY) enrolls almost 300,000 students at 64 campuses (34 State-operated and funded and 30 community colleges). SUNY offers over 4,500 academic, professional and vocational programs and employs more than 40,000 persons at the State-operated and funded campuses. SUNY is governed by a 16-member Board of Trustees (Board) appointed by the Governor. According to the Education law, the Board sets University policy. SUNY Central Administration provides the oversight and executive leadership to ensure that this policy is carried out. Central Administration officials view their role as providing direction to the campuses without taking a direct role in managing campus operations. SUNY Central also manages budgeting, accounting, capital facilities, student affairs and legal and institutional research. SUNY Central Administration employs about 540 people, with annual personal service costs of approximately $20 million.

Our audit addressed the following questions about SUNY Central Administration:

- How do SUNY's costs of providing central administrative services compare to those of peer university systems?

- Does SUNY perform central administration support functions in the most economical manner?

Audit Observations and Conclusions

We found that SUNY Central Administration costs are comparable to or less than peer systems. Central Administration performs oversight functions and offers various services which directly or indirectly benefit campuses. To determine the relative economy of Central Administration's performance of standard services, such as the functions of Academic Affairs and Public Relations, we compared the overall cost per student of these services at SUNY to the costs of the same services at peer university systems. Using student enrollment from State-operated and community college campuses, we calculated that SUNY spends $27 per student. The calculations include community college students because SUNY officials state that they have many responsibilities and devote significant efforts to the community colleges. We believe that the costs could be higher than $27 depending on the level of services provided to the community colleges versus the State-operated colleges. However, data is not

maintained at this level of detail because it does not provide information needed to make management decisions. (see pp 4-5)

Some peer university systems use a "shared office" concept; each central administration office provides oversight for specific university-wide activities and performs related functions in support of the central office. SUNY Central Administration offices, however, perform either oversight or central offices functions - not both. For example, SUNY allocates 26 employees and $863,621 in salaries to central office functions such as Business and Finance and Human Resources; oversight functions for those areas are assigned to other offices. To increase the efficiency and economy of Central Administration operations, SUNY should consider using a shared office approach in administration. (see p 5)

We also reviewed the economy of security and custodial services for Central Administration. Since SUNY Central Administration's off-campus location made cost comparisons with peer universities not meaningful, we used SUNY campus security staffing levels and Office of General Services custodial staffing standards as our criteria for comparison. We found that Central Administration has more security personnel than some of the 34 campuses and has custodial services which are consistent with OGS standards. (see p 7)

Comments of SUNY Officials

A draft copy of this report was provided to SUNY officials for their review and comment. SUNY's response is included as Appendix B.

Contents

Introduction

Background 1
Scope, Objectives and Methodology 1
Comments of SUNY Officials 2

The Cost of SUNY's Central Administration Compared With Peer Universities

Comparison of Specific Functions Between SUNY and Peer Systems 4
SUNY's Central Administration Performs Some Functions Which Directly Benefit the Campuses and Others Which Provide Only Limited Benefits 6

Central Administration Support Services

. 7

Appendix A

Major Contributors to This Report

Appendix B

Comments of SUNY Officials

Introduction

Background

The State University of New York (SUNY) was created in 1948 and is currently one of the largest systems of higher education in the nation. SUNY enrolls almost 300,000 full-time equivalent students at 64 campuses (34 State-operated and funded and 30 community colleges). SUNY offers over 4,500 academic, professional and vocational programs and employs more than 40,000 persons at the State-operated and funded campuses.

SUNY is governed by a 16 member Board of Trustees (Board) appointed by the Governor. According to the Education Law, the Board sets University policy. SUNY Central Administration provides the oversight and executive leadership to ensure that this policy is carried out. Central Administration officials do not take a direct role in managing campus operations. They view their role as providing direction to campuses to help them meet the University's mission and other requirements of a public institution. Central Administration also manages budgeting, accounting, capital facilities, student affairs and legal and institutional research. SUNY Central Administration employs about 540 people with a total annual salary of approximately $20 million.

Scope, Objectives and Methodology

Our audit examined central administrative functions and the costs of staffing for the period April 1, 1989, through June 26, 1992. The objectives of our performance audit were to determine how the cost of SUNY's central administrative services compares to that of other university systems and whether these services are performed in the most economical manner. To accomplish our objectives, we interviewed staff, reviewed records of expenses and surveyed other university systems. The data provided by the other university systems was not audited. Also, we did not audit the number of square feet that SUNY reported for their buildings. However, we have no reason to believe that this data is not accurate.

We conducted our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and perform our audit to adequately assess those operations which are included within our audit scope. Further, these standards require that we understand SUNY's internal control structure and its compliance with those laws, rules and regulations that are relevant to the operations included in our audit scope. An audit includes examining,

on a test basis, evidence supporting transactions recorded in operating records and applying such other auditing procedures as we consider necessary in the circumstances. An audit also includes assessing the estimates, judgments, and decisions made by management. We believe that our audit provides a reasonable basis for our findings, conclusions and recommendations.

We use a risk based approach to selecting activities to be audited. This approach focuses our audit efforts on those operations that have been identified through a preliminary survey as having the greatest possibility for needing improvement. Consequently, by design, finite audit resources are used to identify where and how improvements can be made. Thus, little audit effort is devoted to reviewing operations that may be relatively efficient and effective. As a result, our audit reports are prepared on an "exception basis." This report therefore, highlights those areas needing improvement and does not address activities that may be functioning properly.

Comments of SUNY Officials

A draft copy of this report was provided to SUNY officials for their review and comment. SUNY's response is included as Appendix B.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the Chancellor of the State University of New York should report to the Governor, the State Comptroller, and leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein and where recommendations were not implemented, the reasons therefor.

The Cost of SUNY's Central Administration Compared With Peer Universities

We found that SUNY Central Administration and its equivalent at a sample of universities that SUNY considers its peers provide many of the same services. To measure the economy and efficiency of SUNY's performance, we determined the costs per student of providing specific central administration functions at both SUNY and the peer university systems. We found that SUNY Central Administration is unique among these systems in performing certain services centrally; for comparable central administration functions, we found that SUNY Central Administration costs are comparable to or less than peer systems.

SUNY officials view Central Administration as a control point in the University system, providing oversight and a range of programs and functions. For the purposes of our analysis, we have broadly segregated these functions and programs as offering either campus related or non-campus related services. We classify campus related services as those functions and programs that provide oversight, offer indirect and direct benefits to the campuses and perform university-wide functions. Campus related functions account for about 56 percent (303) of Central Administration personnel, or 62 percent ($12,830,259) of total personal service costs. We classify as non-campus related those services which provide only limited benefits to the campuses, such as central support functions and the research of the Rockefeller Institute. Non-campus related functions account for the remaining 44 percent (240) of personnel and 38 percent ($7,840,879) of total personal service costs.

In its oversight capacity, Central Administration directs the SUNY system, coordinates programs that exist on numerous campuses and offers information resources and other services as deemed necessary. In performing university-wide oversight, Central Administration offers guidance and assistance to various campus-based offices with similar functions. Offices that provide oversight functions are Academic Programs, Student Affairs, University Controller and Human Resources.

Some Central Administration offices provide uniform services centrally, rather than have each campus perform these functions. Such university-wide services are provided through the Application Processing Center, Student Loan Center, the Office of New York City Recruitment, University Counsel and University Audit. Other Central Administration offices perform functions which indirectly benefit

campuses, like fulfilling campus level reporting requirements and providing public relations.

Some Central Administration support services exist solely to address the administrative needs of the Central Administration staff itself. The services range from accounting and personnel services to security, plaza maintenance and computer support.

Lastly, certain Central Administration offices provide services which provide only limited benefit to the campuses. For example, the New York Network provides communication services for all State agencies and the Office of Library Services offers an automated library network to user libraries throughout New York State. The Rockefeller Institute supports research programs and projects and conducts seminars throughout New York State's agencies.

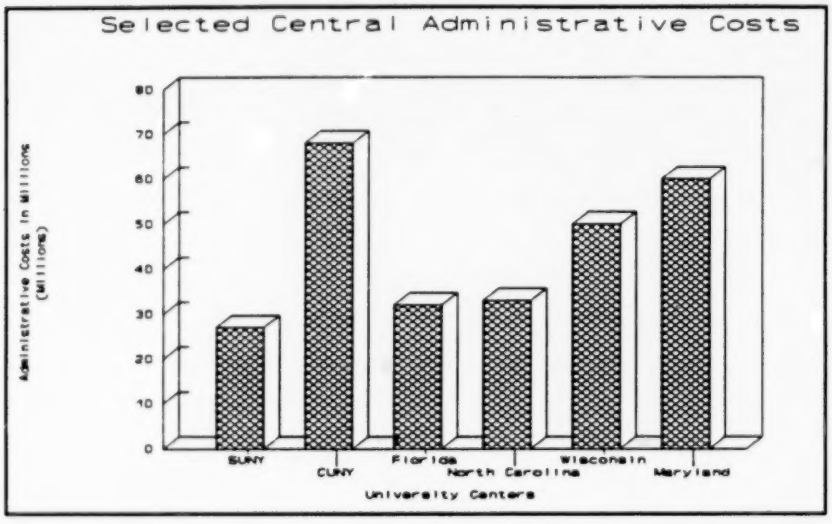
Comparison of Specific Functions Between SUNY and Peer Systems

We compared the Central Administration of SUNY to the Central Administration offices of other state university systems identified as peer institutions by SUNY officials. We initially contacted eight universities by means of a questionnaire requesting organizational charts, staffing levels and enrollment. The University of California, the City University of New York (CUNY), the State University of Florida, the University of Maryland, the University of North Carolina, and the University of Wisconsin are the six universities that responded and provided data for elementary comparisons.

We obtained the total central administrative staff and full-time equivalent student enrollments for all six peer systems and compared these figures to those at SUNY. We found that only two systems - California and CUNY - have larger total central administrative staffs than SUNY. Since the nature of university central administration responsibilities can vary, however, we could not compare overall costs of central administration. Instead, we compared the costs of performing similar functions. We did not attempt to assess the quality or level of central administrative services provided by SUNY or the other systems.

To compare these costs, we obtained detailed information about the responsibilities and duties for the Central Administration Offices from five of the Universities: Florida, Maryland, CUNY, North Carolina and Wisconsin. Our comparisons included the average number of staff and the personal service costs for comparable functions, the number of campuses in each peer system and the ratios of full-time equivalent enrollment per staff. Although California did not provide us with comparable data, preliminary comparisons of data suggest that SUNY's costs would be significantly less than those of California's system.

Our review determined the following functions to be similar at all systems: system-wide administration (Chancellor/President's office), oversight (Academic Affairs, Finance and Business, Human Resources) and indirect services (Public Relations, Institutional Research). We computed the costs of these functions on a per student basis. Using student enrollment from State-operated and community college campuses, we calculate that SUNY spends $27 per student. The following graph illustrates SUNY's costs in comparison to others:



(The calculations include community college students because SUNY officials state that they have many responsibilities and devote significant efforts to the community colleges. We believe that the costs could be higher than $27 depending on the level of services provided to the community colleges versus the State-operated colleges. However, data is not maintained at this level of detail because it does not provide information needed to make management decisions.)

Some peer university systems use a "shared office" concept for many central administration functions. Shared offices for Human Resources and Finance and Business, for example, perform functions in support of the central administration, in addition to providing university-wide oversight. At SUNY, offices perform either university-wide oversight functions or Central Office functions — not both. For example, SUNY allocates 26 employees and $863,621 in salaries to central office functions such as Business and Finance and Human Resources, while similar university-wide functions are performed by other Central

Administration offices. To increase the efficiency and economy of Central Administration operations, SUNY should study the possibility of using a shared office approach in administration.

SUNY's Central Administration Performs Some Functions Which Directly Benefit the Campuses and Others Which Provide Only Limited Benefits

SUNY's Central Administration performs certain functions that peer systems perform at the campus level or not at all. For example, peer systems do not uniformly provide the centralized services available through the University Counsel's office and University Audit or the research function of the Rockefeller Institute.

Other SUNY Central Administration functions that are performed at the campus level at peer systems include Access Services, a university-wide application processing and student loan collection system, and the New York City Recruitment and Multicultural & Pluralistic Office, which provides system-wide recruitment of minority and under-represented students. These functions directly benefit campuses and are staffed by approximately 164 employees at an annual salary cost of over $5.8 million.

Given the number of campuses in the SUNY system, SUNY may be achieving certain economies of scale in performing these functions centrally. It is unlikely that these tasks could be performed more efficiently at each of SUNY's 34 campuses.

However, we question the need for performing functions which appear to provide a limited benefit to the campuses. These functions include New York Network, Queens E.O.C. and Library Services. SUNY officials have indicated that these functions might be more appropriately performed by other agencies. These services cost approximately $2.3 million in annual salaries.

Recommendations

1. Study the possibility of consolidating related functions.
2. Consider eliminating those functions which are not essential to campus operations.

Central Administration Support Services

SUNY Central Administration is located off-campus at SUNY Plaza, an historic Albany building. With the exception of California and CUNY, the central administrations of peer university systems are located on the grounds of the system campuses or have support services provided by the Department of Education. In addition to having support services provided by the campus, these peer systems have smaller central administrations and require less support than SUNY Central Administration. Therefore, data related to the cost of services to support SUNY Central Administration is not comparable to that of peer systems.

However, we were able to measure the economy of Central Administration staffing for security by using SUNY campus security staffing levels. We found that SUNY Central Administration could provide this security more economically.

For example, SUNY assigns to SUNY Plaza approximately 13 security personnel with annual personal service costs of over $336,000. When we compared the security staffing levels at the Plaza to the levels at the 34 State operated SUNY campuses, we found that Central Administration has more security than some of the 34 campuses. We determined that Central Administration security staff patrols a total of about 246,000 square feet, providing security for about 540 employees located at SUNY Plaza and four other locations. At SUNY Cobleskill, on the other hand, 10 security officers patrol over one million square feet, providing security for 58 buildings, 2,473 students and 423 employees. SUNY Potsdam has only 12 security officers to patrol over two million square feet. We question the rationale for SUNY's allocation of more security staff to SUNY Plaza than to campuses at which thousands of students live.

We also reviewed SUNY Central Administration's custodial levels. There are 16 custodial employees at SUNY Central, whose total personal service costs are about $500,000 annually. This staffing equates to about one employee for every 15,800 square feet. OGS standards call for one employee for every 15,000 square feet. Therefore, SUNY's current staffing is consistent with current OGS standards.

Recommendation

3. Evaluate staffing levels for Central Administration security to determine if reductions are possible.

Major Contributors to This Report

Marvin Loewy, Audit Manager
Martin Chauvin, Audit Supervisor
Donald Wilson, Auditor-in-Charge
David Avery, Lead Auditor
Catherine West, Staff Auditor
Nancy Varley, Report Editor

State University of New York
State University Plaza
Albany, New York 12246
Office of the Senior Vice Chancellor
Division of Administrative Affairs

October 19, 1993

Mr. John T. Walsh
Audit Director
Office of the State Comptroller
The State Office Building
Albany, New York 12236

Dear Mr. Walsh:

In accordance with Section 170 of the Executive Law, we are enclosing the comments of State University of New York regarding the draft audit report on Central Administration Costs (92-S-104).

Sincerely,

Harry K. Spindler
Senior Vice Chancellor
Division of Administrative Affairs

Enc.

Appendix B

State University of New York Comments

Recommendations

(OSC) 1. Study the possibility of consolidating related functions.

(OSC) 2. Consider eliminating those functions which are not essential to campus operations.

(SU) 1,2. Staffing levels within Central Administration are continually reviewed and reductions in staffing have taken place over the last few years as cost saving measures. We will continue to review staffing levels and will take these recommendations into consideration as part of this process.

Regarding the New York Network and the Queens EOC, there is specific and lengthy legislative history designating and reconfirming the assignment of these programs to State University. Library Services is an Income Fund Reimbursable Program that operates on a self-sustaining basis.

(OSC) 3. Evaluate staffing levels for Central Administration security to determine if reductions are possible.

(SU) 3. This was an issue which, at the request of the Chancellor, was under review. Effective July 1, 1993, the Office of Public Safety has undergone a change from one being staffed primarily with Campus Public Safety Officers to an office staffed entirely with Security Services Assistants. This staffing change has resulted in substantial personal service savings to the Central Administration with fewer security staff monitoring building operations.